



Reprinted
January 30, 2001

SENATE BILL No. 165

DIGEST OF SB 165 (Updated January 29, 2001 4:28 PM - DI 71)

Citations Affected: IC 20-5.5; IC 20-7.5; noncode.

Synopsis: Charter schools. Allows a sponsor to issue a charter to an organizer to establish a charter school. Defines a "sponsor" as: (1) the governing body of a school corporation; (2) a state higher education institution; or (3) the mayor of Indianapolis or Ft. Wayne. Sets forth the organization, powers, method of establishment, charter contents, policies, oversight, and restrictions for charter schools. Provides that a decision concerning the establishment of a charter school may not be restrained by a collective bargaining agreement. Allows the employees of a charter school to organize and collectively bargain. Requires 75% of the teachers in a charter school to hold a license to teach in a public school. Provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to the teacher whose contract is canceled, continue to apply to that teacher. Allows the conversion of an existing public school to a charter school if at least 51% of the teachers and 51% of the parents approve of the conversion. Provides that only the governing body of the school corporation in which a conversion charter school is located may act as sponsor for the school. Makes conforming amendments to related statutes.

Effective: Upon passage; July 1, 2001.

Lubbers, Meeks C, Long

January 8, 2001, read first time and referred to Committee on Education.
January 22, 2001, amended, reported favorably — Do Pass.
January 29, 2001, read second time, amended, ordered engrossed.

SB 165—LS 6999/DI 71+



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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

SENATE BILL No. 165

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-5.5 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:

4 **ARTICLE 5.5. CHARTER SCHOOLS**

5 **Chapter 1. Definitions**

6 **Sec. 1. The definitions in this chapter apply throughout this**
7 **article.**

8 **Sec. 2. "ADM" has the meaning set forth in IC 21-3-1.6-1.1.**

9 **Sec. 3. "At-risk index" has the meaning set forth in**
10 **IC 21-3-1.8-1.1.**

11 **Sec. 4. "Board" refers to the Indiana state board of education**
12 **established by IC 20-1-1-1.**

13 **Sec. 5. "Charter" means a contract between an organizer and**
14 **a sponsor for the establishment of a charter school.**

15 **Sec. 6. "Charter school" means a public elementary school or**
16 **secondary school established under this article that:**

17 **(1) is nonsectarian and nonreligious; and**

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- 1 (2) operates under a charter.
- 2 Sec. 7. "Department" refers to the department of education
- 3 established by IC 20-1-1.1-2.
- 4 Sec. 8. "Elementary school" has the meaning set forth in
- 5 IC 20-10.1-1-15.
- 6 Sec. 9. "Governing body" has the meaning set forth in
- 7 IC 20-10.1-1-5.
- 8 Sec. 10. "Organizer" means a group or an entity that enters into
- 9 a contract under this article to operate a charter school.
- 10 Sec. 11. "Parent" has the meaning set forth in IC 20-1-1.8-8.
- 11 Sec. 12. "Proposal" refers to a proposal from an organizer to
- 12 establish a charter school.
- 13 Sec. 13. "Public school" has the meaning set forth in
- 14 IC 20-10.1-1-2.
- 15 Sec. 14. "School corporation" has the meaning set forth in
- 16 IC 20-10.1-1-1.
- 17 Sec. 15. "Secondary school" means a high school (as defined in
- 18 IC 20-10.1-1-16).
- 19 Sec. 16. "Sponsor" means one (1) of the following:
- 20 (1) A governing body.
- 21 (2) A state educational institution (as defined in
- 22 IC 20-12-0.5-1).
- 23 (3) The executive (as defined in IC 36-1-2-5) of a consolidated
- 24 city.
- 25 (4) The executive (as defined in IC 36-1-2-5) of a municipality
- 26 having a population of more than one hundred fifty thousand
- 27 (150,000) but less than five hundred thousand (500,000).
- 28 Sec. 17. "Teacher" has the meaning set forth in IC 20-6.1-1-8.
- 29 Chapter 2. Description
- 30 Sec. 1. A charter school may be established under this article to
- 31 provide innovative and autonomous programs that do the
- 32 following:
- 33 (1) Serve the different learning styles and needs of public
- 34 school students.
- 35 (2) Offer public school students appropriate and innovative
- 36 choices.
- 37 (3) Afford varied opportunities for professional educators.
- 38 (4) Allow public schools freedom and flexibility in exchange
- 39 for exceptional levels of accountability.
- 40 (5) Provide parents, students, community members, and local
- 41 entities with an expanded opportunity for involvement in the
- 42 public school system.



1 **Sec. 2. A charter school is subject to all federal and state laws**
 2 **and constitutional provisions that prohibit discrimination on the**
 3 **basis of the following:**

- 4 **(1) Disability.**
- 5 **(2) Race.**
- 6 **(3) Color.**
- 7 **(4) Gender.**
- 8 **(5) National origin.**
- 9 **(6) Religion.**
- 10 **(7) Ancestry.**

11 **Chapter 3. Establishment**

12 **Sec. 1. A sponsor may grant a charter to an organizer to operate**
 13 **a charter school under this article.**

14 **Sec. 2. A sponsor may not grant a charter to a for-profit**
 15 **organizer.**

16 **Sec. 3. An organizer shall submit to the sponsor a proposal to**
 17 **establish a charter school. A proposal must contain at least the**
 18 **following information:**

- 19 **(1) Identification of the organizer.**
- 20 **(2) A description of the organizer's organizational structure**
 21 **and governance plan.**
- 22 **(3) The following information for the proposed charter**
 23 **school:**
 - 24 **(A) Name.**
 - 25 **(B) Purposes.**
 - 26 **(C) Governance structure.**
 - 27 **(D) Management structure.**
 - 28 **(E) Educational mission goals.**
 - 29 **(F) Curriculum and instructional methods.**
 - 30 **(G) Methods of pupil assessment.**
 - 31 **(H) Admission policy and criteria, subject to IC 20-5.5-5.**
 - 32 **(I) School calendar.**
 - 33 **(J) Age or grade range of pupils to be enrolled.**
 - 34 **(K) A description of staff responsibilities.**
 - 35 **(L) A description and the address of the physical plant.**
 - 36 **(M) Budget and financial plans.**
 - 37 **(N) Personnel plan, including methods for selection,**
 38 **retention, and compensation of employees.**
 - 39 **(O) Transportation plan.**
 - 40 **(P) Discipline program.**
 - 41 **(Q) Plan for compliance with any applicable desegregation**
 42 **order.**



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(R) The date when the charter school is expected to:

(i) begin school operations; and

(ii) have students in attendance at the charter school.

(S) The arrangement for providing teachers and other staff with health insurance, retirement benefits, liability insurance, and other benefits.

(4) The manner in which an annual audit of the program operations of the charter school is to be conducted by the sponsor.

Sec. 4. This section applies only to a sponsor that is the executive of a consolidated city or a municipality having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000). Before issuing a charter, the sponsor must receive the approval of a majority of the members of the legislative body (as defined in IC 36-1-2-9) of the consolidated city or municipality for the establishment of a charter school. The sponsor may issue charters for charter schools in any school corporation that is located within the consolidated city or municipality.

Sec. 5. (a) Except as provided in subsection (b), if a governing body grants a charter to establish a charter school, the governing body must provide a noncharter school that students of the same ages or grade levels may attend.

(b) The department may waive the requirement that a governing body provide a noncharter school under subsection (a) upon the request of the governing body.

Sec. 6. The sponsor may revoke the charter of a charter school that does not, by the date specified in the charter:

(1) begin school operations; and

(2) have students in attendance at the charter school.

Sec. 7. Before granting a charter under which more than fifty percent (50%) of the students in the school corporation will attend a charter school, a governing body must receive the approval of the department.

Sec. 8. A sponsor must notify an organizer who submits a proposal under section 3 of this chapter of:

(1) the acceptance of the proposal; or

(2) the rejection of the proposal;

not later than sixty (60) days after the organizer submits the proposal.

Sec. 9. (a) A sponsor must notify the department of the following:



- (1) The receipt of a proposal.
- (2) The acceptance of a proposal.
- (3) The rejection of a proposal, including the reasons for the rejection, the number of members of the governing body favoring the proposal, and the number of members of the governing body not favoring the proposal.

(b) The department shall annually do the following:

- (1) Compile the information received under subsection (a) into a report.
- (2) Submit the report to the legislative council.

Sec. 10. If a sponsor rejects a charter school proposal, the organizer may:

- (1) amend the charter school proposal and resubmit the proposal to the same sponsor; or
- (2) submit a charter school proposal to another sponsor.

Sec. 11. A school that has qualified for a strategic and continuous school improvement and achievement plan under IC 20-1-1-6.3 may revise its qualification plan for submission under this chapter as a charter school proposal.

Chapter 4. The Charter

Sec. 1. A charter must do the following:

- (1) Be a written instrument.
- (2) Be executed by a sponsor and an organizer.
- (3) Confer certain rights, franchises, privileges, and obligations on a charter school.
- (4) Confirm the status of a charter school as a public school.
- (5) Be granted for:
 - (A) not less than three (3) years; and
 - (B) a fixed number of years agreed to by the sponsor.
- (6) Provide for:
 - (A) a review by the sponsor of the charter school's performance, including the progress of the charter school in achieving the academic goals set forth in the charter, at least one (1) time in each five (5) year period while the charter is in effect; and
 - (B) renewal, if the sponsor and the organizer agree to renew the charter.
- (7) Specify the grounds for the sponsor to:
 - (A) revoke the charter before the end of the term for which the charter is granted; or
 - (B) not renew a charter.
- (8) Set forth the methods by which the charter school is held



accountable for achieving the educational mission and goals of the charter school, including the following:

(A) Evidence of improvement in assessment measures, attendance rates, and graduation rates (if appropriate), and increased numbers of academic honors diplomas.

(B) Evidence of progress toward reaching the educational goals set by the organizer.

(9) Describe the method to be used to monitor the charter school's:

(A) compliance with applicable law; and

(B) performance in meeting targeted educational performance.

(10) Specify that the sponsor and the organizer may amend the charter during the term of the charter by mutual consent, and describe the process for amending the charter.

(11) Describe specific operating requirements, including all of the matters set forth in the application for the charter.

(12) Specify a date when the charter school will:

(A) begin school operations; and

(B) have students in attendance at the charter school.

(13) Specify that records of a charter school relating to the school's operation and charter are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying under IC 5-14-3.

(14) Specify that records provided by the charter school to the department or sponsor that relate to compliance by the operator with the terms of the charter or applicable state or federal laws are subject to inspection and copying in accordance with IC 5-14-3.

(15) Specify that the charter school is subject to the requirements of IC 5-14-1.5.

Chapter 5. Student Admissions and Enrollment

Sec. 1. Except as provided in this chapter, a charter school must be open to any student who resides in Indiana.

Sec. 2. Except as provided in this chapter, a charter school may not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions.

Sec. 3. (a) Except as provided in subsections (b), (c), and (d), a charter school must enroll any eligible student who submits a timely application for enrollment.

(b) This subsection applies if the number of applications for a



program, class, grade level, or building exceeds the capacity of the program, class, grade level, or building. If a charter school receives a greater number of applications than there are spaces for students, each timely applicant must be given an equal chance of admission.

(c) A charter school may limit new admissions to the charter school to:

(1) ensure that a student who attends the charter school during a school year may continue to attend the charter school in subsequent years; and

(2) allow the siblings of a student who attends a charter school to attend the charter school.

(d) This subsection applies to an existing school that converts to a charter school under IC 20-5.5-11. During the school year in which the existing school converts to a charter school, the charter school may limit admissions to:

(1) those students who were enrolled in the charter school on the date of the conversion; and

(2) siblings of students described in subdivision (1).

Chapter 6. Employment

Sec. 1. Individuals who work at a charter school are employees of the charter school or of an entity with which the charter school has contracted to provide services, including instructional services.

Sec. 2. Individuals must choose to be teachers at a charter school voluntarily, and a charter school shall voluntarily choose such individuals to be its teachers.

Sec. 3. Employees of a charter school may organize and bargain collectively under IC 20-7.5.

Sec. 4. The following apply to teachers in a charter school:

(1) A teacher must have a four (4) year college degree from an accredited institution.

(2) At least seventy-five percent (75%) of the teachers in a charter school must hold a license to teach in a public school.

(3) Not more than twenty-five percent (25%) of a charter school's teaching staff may be individuals who:

(A) are not licensed to teach in a public school; and

(B) possess specific knowledge or skills that are critical to the mission of the charter school.

(4) A charter school teacher described in subdivision (3) is subject to:

(A) regular performance reviews; and

(B) professional development activities;



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as determined and identified by the organizer.

Sec. 5. (a) A charter school shall participate in the following:

(1) The Indiana state teachers' retirement fund in accordance with IC 21-6.1.

(2) The public employees' retirement fund in accordance with IC 5-10.3.

(b) A person who teaches in a charter school is a member of the Indiana state teachers' retirement fund. Service in a charter school is creditable service for purposes of IC 21-6.1.

(c) A person who:

(1) is a local school employee of a charter school; and

(2) is not eligible to participate in the Indiana state teachers' retirement fund;

is a member of the public employees' retirement fund.

(d) The boards of the Indiana state teachers' retirement fund and the public employees' retirement fund shall implement this section through the organizer of the charter school, subject to and conditioned upon receiving any approvals either board considers appropriate from the Internal Revenue Service and the United States Department of Labor.

Sec. 6. The decision by a sponsor of whether to grant a charter shall not be subject to restraint by the collective bargaining agreement.

Sec. 7. As a school corporation grants a charter to a charter school and individuals choose and are chosen by the charter school to teach in the charter school, the school corporation may make personnel adjustments among its noncharter school teachers that the school corporation believes are necessary or appropriate to match existing resources with existing needs in its noncharter schools. If, as part of such adjustments, the school corporation eliminates a teaching position within the corporation, the legal or contractual provisions, if any, otherwise applicable to the teacher in one (1) of its noncharter schools whose contract with the school corporation is canceled as a result of the elimination of the position within the school corporation, continue to apply to that teacher.

Sec. 8. (a) The governing body:

(1) must grant a transfer of not more than five (5) years; and

(2) may grant a transfer for a period of time in addition to the period required under subdivision (1);

to a teacher of a noncharter school in the school corporation who wishes to teach and has been accepted to teach at a charter school sponsored by the governing body within the school corporation.

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(b) During the term of a transfer under subsection (a):

(1) the teacher's seniority status under law continues as if the teacher were an employee of a noncharter school in the school corporation; and

(2) the teacher's years as a charter school employee shall not be considered for purposes of permanent or semipermanent status with the school corporation under IC 20-6.1-4.

Chapter 7. Fiscal Matters

Sec. 1. (a) The organizer is the fiscal agent for the charter school.

(b) The organizer has exclusive control of:

(1) funds received by the charter school; and

(2) financial matters of the charter school.

(c) The organizer shall maintain separate accountings of all funds received and disbursed by the charter school.

Sec. 2. This section applies only to a student in a charter school that is sponsored by a governing body. For purposes of computing a tax levy, a distribution of tax revenues, a distribution from the state, or a distribution from the federal government to a sponsor, a student in a charter school shall be treated as a student of the sponsor.

Sec. 3. (a) Not later than thirty (30) days after the sponsor grants a charter or the date agreed to by the organizer, whichever is later, the sponsor shall distribute to the organizer an amount equal to the operating costs of the charter school for the initial six (6) months of the school year in which the charter school will begin operations, as determined by the budget and financial plans submitted to the sponsor. The amount distributed under this subsection shall be:

(1) treated as the working capital of the organizer; and

(2) repaid to the sponsor in equal installments, without interest, beginning six (6) months after the charter school begins operations and ending:

(A) three (3) years after the charter is granted;

(B) on the date set by the sponsor; or

(C) when the charter is revoked;

whichever is latest.

An installment payment to a sponsor may be deducted from distributions made by the sponsor to the charter school under subsection (b).

(b) This subsection does not apply to revenues and distributions that, under a law or an agreement with the entity providing

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1 funding, must be deposited in any of the following funds:

2 (1) Capital projects fund.

3 (2) Debt service fund.

4 A sponsor shall distribute to a charter school a distributive share
5 of tax revenues, state distributions, and federal distributions
6 received by the sponsor for noncapital expenditures. The schedule
7 under which distributions are made under this subsection shall be
8 established in the charter.

9 (c) For money received by a sponsor on the basis of a formula
10 that utilizes a student count, including:

11 (1) average daily attendance;

12 (2) average daily membership;

13 (3) average daily membership as adjusted by an at-risk index
14 or other factors;

15 (4) additional pupil count;

16 (5) eligible pupils; or

17 (6) number of special education preschool children;

18 the sponsor shall determine the distributive share of a charter
19 school by calculating the amount of funding that would be
20 available under the formula if the student count of the charter
21 school rather than the total student count of the sponsor were used.

22 (d) This subsection does not apply to money received by a
23 sponsor to facilitate the sponsor's compliance with a desegregation
24 order issued by a court. For money:

25 (1) that is received by a sponsor for participation in a
26 program or delivery of services; and

27 (2) that is not reimbursed on the basis of a student count;

28 the sponsor shall reimburse the charter school for programs or
29 services provided using the program or service reimbursement rate
30 applicable to the program or services.

31 (e) The organizer shall provide the sponsor with the necessary
32 information for the sponsor to make distributions under this
33 section. The department may adopt guidelines for the
34 implementation of this section in order to assure equivalent
35 funding for students of charter schools and sponsors. If a charter
36 school is organized after the date set for the determination of a
37 student count used to make a distribution, the student count of the
38 charter school shall be determined under guidelines established by
39 the department.

40 Sec. 4. Not later than the date established by the department for
41 determining average daily membership under IC 21-3-1.6-1.1(d),
42 the organizer shall submit to the department the following

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information to verify the accuracy of the information submitted:

(1) The number of students enrolled in the charter school.

(2) The name of each student and the school corporation in which the student resides.

Sec. 5. (a) This subsection applies to a charter school that has a sponsor that is a state educational institution. A state educational institution that operates a charter school under this article without an agreement with a school corporation or educational organization shall receive the same amount of state financial assistance that the largest school corporation in the county in which the sponsor is located receives per pupil under IC 21-3, except for transportation distributions under IC 21-3-3.1. A student who attends full time a charter school to which this subsection applies may not be counted in ADM or ADA by any local school unit when the student's attendance is not regulated under an agreement.

(b) This subsection applies to a charter school that has a sponsor that is the executive of a consolidated city or a municipality having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000). The organizer of a charter school to which this subsection applies is entitled to receive transfer tuition under IC 20-8.1-6.1-8(b) for each student who attends the charter school.

Sec. 6. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to a sponsor that is a state educational institution described in IC 20-5.5-1-15(2). A state educational institution shall receive from the organizer of a charter school sponsored by the state educational institution an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives under section 3 of this chapter.

Sec. 7. An organizer may apply for and accept for a charter school:

(1) independent financial grants; or

(2) funds from public or private sources other than the department.

Sec. 8. With the approval of a majority of the members of the governing body, a school corporation may distribute a proportionate share of the school corporation's capital project fund to a charter school.



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Chapter 8. Powers and Exemptions

Sec. 1. A charter school may do the following:

- (1) Sue and be sued in its own name.
- (2) For educational purposes, acquire real and personal property or an interest in real and personal property by purchase, gift, grant, devise, or bequest.
- (3) Convey property.
- (4) Enter into contracts in its own name, including contracts for services.

Sec. 2. A charter school may not do the following:

- (1) Operate at a site or for grades other than as specified in the charter.
- (2) Charge tuition to any student residing within the school corporation's geographic boundaries. However, a charter school may charge tuition for:
 - (A) a preschool program, unless charging tuition for the preschool program is barred under federal law; or
 - (B) a latch key program;
 if the charter school provides those programs.
- (3) Except for a foreign exchange student who is not a United States citizen, enroll a pupil who is not a resident of Indiana.
- (4) Be located in a private residence.
- (5) Provide home based instruction.

Sec. 3. For each charter school established under this article, the charter school and the organizer are accountable to the sponsor for ensuring compliance with:

- (1) applicable federal and state laws;
- (2) the charter; and
- (3) the Constitution of the State of Indiana.

Sec. 4. Except as specifically provided in this article and the statutes listed in section 5 of this chapter, the following do not apply to a charter school:

- (1) Any Indiana statute applicable to a governing body or school corporation.
- (2) A rule or guideline adopted by the Indiana state board of education.
- (3) A rule or guideline adopted by the professional standards board (established by IC 20-1-1.4-2), except for those rules that assist a teacher in gaining or renewing a standard or an advanced license.
- (4) A local regulation or policy adopted by a school corporation unless specifically incorporated in the charter.



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1 **Sec. 5. The following statutes and rules and guidelines adopted**
 2 **under the following statutes apply to a charter school:**

- 3 (1) IC 5-11-1-9 (required audits by the state board of
 4 accounts).
 5 (2) IC 20-1-1.5 (unified accounting system).
 6 (3) IC 20-1-6 (special education).
 7 (4) IC 20-5-2-3 (subject to laws requiring regulation by state
 8 agencies).
 9 (5) IC 20-6.1-4-15 (voiding of teacher contracts when two (2)
 10 contracts are signed).
 11 (6) IC 20-6.1-6-11 (nondiscrimination for teacher marital
 12 status).
 13 (7) IC 20-6.1-6-13 (teacher freedom of association).
 14 (8) IC 20-6.1-6-15 (school counselor immunity).
 15 (9) IC 20-8.1-3 (compulsory school attendance).
 16 (10) IC 20-8.1-5.1-13, IC 20-8.1-5.1-15, and IC 20-8.1-5.1-15.5
 17 (student due process and judicial review).
 18 (11) IC 20-8.1-7 and IC 20-8.1-8 (health and safety measures).
 19 (12) IC 20-8.1-9-3 (exemption from school fees for eligible
 20 families and fee reimbursement).
 21 (13) IC 20-8.1-9-5 (notice to parents concerning financial
 22 assistance).
 23 (14) IC 20-8.1-12 (reporting of student violations of law).
 24 (15) IC 20-10.1-2-4 and IC 20-10.1-2-6 (patriotic
 25 commemorative observances).
 26 (16) IC 20-10.1-16, IC 20-10.1-17, or any other statute, rule,
 27 or guideline related to standardized testing (assessment
 28 programs, including remediation under the assessment
 29 programs).
 30 (17) IC 20-10.1-22.4 (parental access to education records).

31 **Chapter 9. Oversight and Revocation**

32 **Sec. 1. An organizer that has established a charter school shall**
 33 **submit an annual report to the department for informational and**
 34 **research purposes.**

35 **Sec. 2. An annual report under this chapter must contain the**
 36 **following information for a charter school:**

- 37 (1) Results of all standardized testing.
 38 (2) A description of the educational methods and teaching
 39 methods employed.
 40 (3) Daily attendance records.
 41 (4) Graduation statistics.
 42 (5) Student enrollment data, including the following:

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(A) The number of students enrolled.

(B) The number of students expelled.

(C) The number of students who discontinued attendance at the charter school and the reasons for the discontinuation.

Sec. 3. The sponsor shall oversee a charter school's compliance with:

(1) the charter; and

(2) all applicable laws.

Sec. 4. Notwithstanding the provisions of the charter, a sponsor that grants a charter may revoke the charter at any time before the expiration of the term of the charter if the sponsor determines that at least one (1) of the following occurs:

(1) The organizer fails to comply with the conditions established in the charter.

(2) The charter school established by the organizer fails to meet the educational goals set forth in the charter.

(3) The organizer fails to comply with all applicable laws.

(4) The organizer fails to meet generally accepted government accounting principles.

(5) One (1) or more grounds for revocation exist as specified in the charter.

Sec. 5. A charter school shall report the following to the sponsor:

(1) Attendance records.

(2) Student performance data.

(3) Financial information.

(4) Any information necessary to comply with state and federal government requirements.

(5) Any other information specified in the charter.

Sec. 6. The organizer of a charter school shall publish an annual performance report that provides the information required under IC 20-1-21-8 in the same manner that a school corporation publishes an annual report under IC 20-1-21.

Chapter 10. Student Transfers From Charter Schools

Sec. 1. A public noncharter school that receives a transfer student from a charter school may not discriminate against the student in any way, including placing the student:

(1) in an inappropriate age group according to the student's ability;

(2) below the student's abilities; or

(3) in a class where the student has already mastered the



subject matter.

Chapter 11. Conversion of Existing Schools Into Charter Schools

Sec. 1. An existing public elementary or secondary school may be converted into a charter school if the following conditions apply:

(1) At least fifty-one percent (51%) of the teachers at the school have signed a petition requesting the conversion.

(2) At least fifty-one percent (51%) of the parents of students at the school have signed a petition requesting the conversion.

Sec. 2. If the conditions of section 1 of this chapter are met, the teachers and parents may appoint a committee to act as organizers for the charter school.

Sec. 3. The organizers shall submit a proposal under IC 20-5.5-3 to the governing body of the school corporation in which an existing elementary or secondary school is located to convert the existing school into a charter school.

Sec. 4. Only the governing body of the school corporation in which an existing public elementary or secondary school that seeks conversion to a charter school is located may act as the sponsor of the conversion charter school.

Sec. 5. An existing public school that is converted into a charter school remains subject to an existing collective bargaining agreement unless at least fifty-one percent (51%) of the certificated staff of the school vote to remove the school from the collective bargaining agreement.

SECTION 2. IC 20-7.5-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law and, in the case of public vocational schools or schools for children with disabilities established or maintained by two (2) or more school corporations, shall refer to such schools.

(b) "Governing body" ~~shall mean:~~ means:

(1) the board or commission charged by law with the responsibility of administering the affairs of the school corporation; or

(2) the body that administers a charter school established under IC 20-5.5.

(c) "School employer" means:

(1) the governing body of each:

(A) school corporation; or



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(B) charter school established under IC 20-5.5; and
 (2) any person or persons authorized to act for the governing body of the school employer in dealing with its employees.

(d) "Superintendent" shall mean:

(1) the chief administrative officer of any:

(A) school corporation; or

(B) charter school established under IC 20-5.5; or

(2) any person or persons designated by the officer or by the governing body to act in the officer's behalf in dealing with school employees.

(e) "School employee" means any full-time certificated person in the employment of the school employer. A school employee shall be considered full time even though the employee does not work during school vacation periods, and accordingly works less than a full year. There shall be excluded from the meaning of school employee supervisors, confidential employees, employees performing security work and noncertificated employees.

(f) "Certificated employee" means a person:

(1) whose contract with the school corporation requires that ~~he~~ **the person** hold a license or permit from the state board of education or a commission thereof as provided in IC 20-6.1; or
 (2) **employed as a teacher by a charter school established under IC 20-5.5.**

(g) "Noncertificated employee" means any school employee whose employment is not dependent upon the holding of a license or permit as provided in IC 20-6.1.

(h) "Supervisor" means any individual who has:

(1) authority, acting for the school corporation, to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline school employees;

(2) responsibility to direct school employees and adjust their grievances; or

(3) responsibility to effectively recommend the action described in ~~subsections~~ **subdivisions** (1) through (2);

that is not of a merely routine or clerical nature but requires the use of independent judgment. The term includes superintendents, assistant superintendents, business managers and supervisors, directors with school corporation-wide responsibilities, principals and vice principals, and department heads who have responsibility for evaluating teachers.

(i) "Confidential employee" means a school employee whose unrestricted access to confidential personnel files or whose functional responsibilities or knowledge in connection with the issues involved in

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1 dealings between the school corporation and its employees would make
 2 the confidential employee's membership in a school employee
 3 organization incompatible with the employee's official duties.

4 (j) "Employees performing security work" means any school
 5 employee whose primary responsibility is the protection of personal
 6 and real property owned or leased by the school corporation or who
 7 performs police or quasi-police powers.

8 (k) "School employee organization" means any organization which
 9 has school employees as members and one (1) of whose primary
 10 purposes is representing school employees in dealing with their school
 11 employer, and includes any person or persons authorized to act on
 12 behalf of such organizations.

13 (l) "Exclusive representative" means the school employee
 14 organization which has been certified for the purposes of this chapter
 15 by the board or recognized by a school employer as the exclusive
 16 representative of the employees in an appropriate unit as provided in
 17 section 10 of this chapter, or the person or persons duly authorized to
 18 act on behalf of such representative.

19 (m) "Board" means the Indiana education employment relations
 20 board provided by this chapter.

21 (n) "Bargain collectively" means the performance of the mutual
 22 obligation of the school employer and the exclusive representative to
 23 meet at reasonable times to negotiate in good faith with respect to items
 24 enumerated in section 4 of this chapter and to execute a written
 25 contract incorporating any agreement relating to such matters. Such
 26 obligation shall not include the final approval of any contract
 27 concerning these or any other items. Agreements reached through
 28 collective bargaining are binding as a contract only if ratified by the
 29 governing body of the school corporation and the exclusive
 30 representative. The obligation to bargain collectively does not require
 31 the school employer or the exclusive representative to agree to a
 32 proposal of the other or to make a concession to the other.

33 (o) "Discuss" means the performance of the mutual obligation of the
 34 school corporation through its superintendent and the exclusive
 35 representative to meet at reasonable times to discuss, to provide
 36 meaningful input, or to exchange points of view, with respect to items
 37 enumerated in section 5 of this chapter. This obligation shall not,
 38 however, require either party to enter into a contract, to agree to a
 39 proposal, or to require the making of a concession. A failure to reach
 40 an agreement on any matter of discussion shall not require the use of
 41 any part of the impasse procedure, as provided in section 13 of this
 42 chapter. Neither the obligation to bargain collectively nor to discuss



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1 any matter shall prevent any school employee from petitioning the
2 school employer, the governing body, or the superintendent for a
3 redress of the employee's grievances either individually or through the
4 exclusive representative, nor shall either such obligation prevent the
5 school employer or the superintendent from conferring with any
6 citizen, taxpayer, student, school employee, or other person considering
7 the operation of the schools and the school corporation.

8 (p) "Strike" means concerted failure to report for duty, willful
9 absence from one's position, stoppage of work, or abstinence in whole
10 or in part from the full, faithful, and proper performance of the duties
11 of employment, without the lawful approval of the school employer, or
12 in any concerted manner interfering with the operation of the school
13 employer for any purpose.

14 (q) "Deficit financing" with respect to any budget year shall mean
15 expenditures in excess of money legally available to the employer.

16 SECTION 3. [EFFECTIVE JULY 1, 2001] **There is appropriated**
17 **to the department of education fifty thousand dollars (\$50,000)**
18 **from the state general fund in each state fiscal year of the biennium**
19 **beginning July 1, 2001, and ending June 30, 2003, for its use to**
20 **carry out its responsibilities under IC 20-5.5 and to provide**
21 **advisory assistance to school corporations and charter schools for**
22 **programs under IC 20-5.5.**

23 SECTION 4. **An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Education, to which was referred Senate Bill No. 165, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Page 1, between lines 7 and 8, begin a new paragraph and insert:

"Sec. 2. "ADM" has the meaning set forth in IC 21-3-1.6-1.1.

Sec. 3. "At-risk index" has the meaning set forth in IC 21-3-1.8-1.1."

Page 1, line 8, delete "2." and insert "4."

Page 1, line 10, delete "3." and insert "5."

Page 1, line 12, delete "4." and insert "6."

Page 1, line 16, delete "5." and insert "7."

Page 2, line 1, delete "6." and insert "8."

Page 2, line 3, delete "7." and insert "9."

Page 2, line 5, delete "8." and insert "10."

Page 2, line 10, delete "9." and insert "11."

Page 2, line 12, delete "10." and insert "12."

Page 2, line 13, delete "11." and insert "13."

Page 2, line 15, delete "12." and insert "14."

Page 2, line 17, delete "13." and insert "15."

Page 2, line 19, delete "14." and insert "16."

Page 2, line 21, delete "15." and insert "17."

Page 2, line 27, delete "16." and insert "18."

Page 9, delete lines 4 through 10, begin a new paragraph and insert:

"Sec. 2. For purposes of computing a tax levy, a distribution of tax revenues, a distribution from the state, or a distribution from the federal government to a sponsor, a student in a charter school shall be treated as a student of the sponsor.

Sec. 3. (a) Not later than thirty (30) days after the sponsor grants a charter or the date agreed to by the organizer, whichever is later, the sponsor shall distribute to the organizer an amount equal to the operating costs of the charter school for the initial six (6) months of the school year in which the charter school will begin operations, as determined by the budget and financial plans submitted to the sponsor. The amount distributed under this subsection shall be:

(1) treated as the working capital of the organizer; and

(2) repaid to the sponsor in equal installments, without

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interest, beginning six (6) months after the charter school begins operations and ending:

- (A) three (3) years after the charter is granted;
- (B) on the date set by the sponsor; or
- (C) when the charter is revoked;

whichever is latest.

An installment payment to a sponsor may be deducted from distributions made by the sponsor to the charter school under subsection (b).

(b) This subsection does not apply to revenues and distributions that, under a law or an agreement with the entity providing funding, must be deposited in any of the following funds:

- (1) Capital projects fund.
- (2) Debt service fund.

A sponsor shall distribute to a charter school a distributive share of tax revenues, state distributions, and federal distributions received by the sponsor for noncapital expenditures. The schedule under which distributions are made under this subsection shall be established in the charter.

(c) For money received by a sponsor on the basis of a formula that utilizes a student count, including:

- (1) average daily attendance;
- (2) average daily membership;
- (3) average daily membership as adjusted by an at-risk index or other factors;
- (4) additional pupil count;
- (5) eligible pupils; or
- (6) number of special education preschool children;

the sponsor shall determine the distributive share of a charter school by calculating the amount of funding that would be available under the formula if the student count of the charter school rather than the total student count of the sponsor were used.

(d) For money:

- (1) that is received by a sponsor for participation in a program or delivery of services; and
- (2) that is not reimbursed on the basis of a student count;

the sponsor shall reimburse the charter school for programs or services provided using the program or service reimbursement rate applicable to the program or services.

(e) If subsections (c) and (d) do not apply, the sponsor shall allocate the money received to the charter school in proportion to the ADM of the charter school multiplied by the sum of one (1) plus

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the at-risk index of the charter school relative to the total ADM of the sponsor, the charter school, and all other charter schools sponsored by the sponsor multiplied by one (1) plus the total at-risk index of the sponsor, the charter school, and all other charter schools sponsored by the sponsor.

(f) The organizer shall provide the sponsor with the necessary information for the sponsor to make distributions under this section. The department may adopt guidelines for the implementation of this section in order to assure equivalent funding for students of charter schools and sponsors. If a charter school is organized after the date set for the determination of a student count used to make a distribution, the student count of the charter school shall be determined under guidelines established by the department."

Page 9, line 11, delete "3. (a)" and insert "4."

Page 9, line 14, after "information" insert "to verify the accuracy of the information submitted".

Page 9, delete lines 18 through 42, begin a new paragraph and insert:

"Sec. 5. This section applies to a charter school that has a sponsor that is a state educational institution or the executive of a consolidated city. After verifying the information submitted under section 4 of this chapter, the department shall:

(1) compute the state distribution to the charter school for the ensuing calendar year; and

(2) make the distribution to the organizer in the same manner that a distribution is made to a public school."

Page 10, delete lines 1 through 6.

Page 10, line 7, delete "4." and insert "6."

Page 10, line 16, delete "3(b) and 3(c)" and insert "3".

Page 10, line 18, delete "5." and insert "7."

Page 10, line 23, delete "6." and insert "8."

Page 16, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 3. [EFFECTIVE JULY 1, 2001] There is appropriated to the department of education fifty thousand dollars (\$50,000) from the state general fund in each state fiscal year of the biennium beginning July 1, 2001, and ending June 30, 2003, for its use to carry out its responsibilities under IC 20-5.5 and to provide advisory assistance to school corporations and charter schools for programs under IC 20-5.5."

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Renumber all SECTIONS consecutively.
and when so amended that said bill do pass.

(Reference is to SB 165 as introduced.)

LUBBERS, Chairperson

Committee Vote: Yeas 6, Nays 5.

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SENATE MOTION

Mr. President: I move that Senators Meeks C and Long be added as coauthors of Senate Bill 165.

LUBBERS

SENATE MOTION

Mr. President: I move that Senate Bill 165 be amended to read as follows:

Page 2, delete lines 8 through 12.

Page 2, line 13, delete "11." and insert "**10.**".

Page 2, line 15, delete "12." and insert "**11.**".

Page 2, line 16, delete "13." and insert "**12.**".

Page 2, line 18, delete "14." and insert "**13.**".

Page 2, line 20, delete "15." and insert "**14.**".

Page 2, line 22, delete "16." and insert "**15.**".

Page 2, line 24, delete "17." and insert "**16.**".

Page 2, line 30, delete "18." and insert "**17.**".

Page 3, line 18, delete "may" and insert "**shall**".

Page 4, between lines 33 and 34, begin a new paragraph and insert:

"Sec. 8. A sponsor must notify an organizer who submits a proposal under section 3 of this chapter of:

(1) the acceptance of the proposal; or

(2) the rejection of the proposal;

not later than sixty (60) days after the organizer submits the proposal."

Page 4, line 34, delete "8." and insert "**9.**".

Page 4, line 34, delete "governing body" and insert "**sponsor**".

Page 5, line 4, delete "9." and insert "**10.**".

Page 5, line 9, delete "10." and insert "**11.**".

Page 5, line 22, delete "governing" and insert "**sponsor**".

Page 5, delete line 23.

Page 8, line 30, after "8." insert "**(a)**".

Page 8, line 30, after "body" insert ":",

Page 8, line 30, before "must" begin a new line block indented and insert:

"(1)".

Page 8, line 31, delete "years" and insert "**years; and**

(2) may grant a transfer for a period of time in addition to the



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period required under subdivision (1);".

Page 8, line 31, before "to" begin a new line blocked left.

Page 8, line 34, before "During" begin a new paragraph and insert: **"(b)".**

Page 8, line 34, after "of" delete "the" and insert **"a".**

Page 8, line 34, delete ":" and insert **"under subsection (a):".**

Page 9, line 7, after "2." insert **"This section applies only to a student in a charter school that is sponsored by a governing body."**

Page 10, line 11, after "(d)" insert **"This subsection does not apply to money received by a sponsor to facilitate the sponsor's compliance with a desegregation order issued by a court."**

Page 10, delete lines 18 through 25.

Page 10, line 26, delete "(f)" and insert **"(e)".**

Page 10, line 42, after "5." insert **"(a)".**

Page 10, line 42, delete "section" and insert **"subsection".**

Page 11, line 1, after "institution" insert **". A state educational institution that operates a charter school under this article without an agreement with a school corporation or educational organization shall receive the same amount of state financial assistance that the largest school corporation in the county in which the sponsor is located receives per pupil under IC 21-3, except for transportation distributions under IC 21-3-3.1. A student who attends full time a charter school to which this subsection applies may not be counted in ADM or ADA by any local school unit when the student's attendance is not regulated under an agreement."**

Page 11, line 1, delete "or".

Page 11, line 1, before "the" begin a new paragraph and insert:

"(b) This subsection applies to a charter school that has a sponsor that is".

Page 11, line 2, delete "After verifying the information submitted under" and insert **"The organizer of a charter school to which this subsection applies is entitled to receive transfer tuition under IC 20-8.1-6.1-8(b) for each student who attends the charter school."**

Page 11, delete lines 3 through 7.

(Reference is to SB 165 as printed January 23, 2001.)

LUBBERS

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SENATE MOTION

Mr. President: I move that Senate Bill 165 be amended to read as follows:

Page 2, between lines 29 and 30, begin a new line block indented and insert:

"(4) The executive (as defined in IC 36-1-2-5) of a municipality having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000)."

Page 4, line 13, after "city" insert **"or a municipality having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000)".**

Page 4, line 15, after "city" insert **"or municipality".**

Page 4, line 18, after "city" insert **"or municipality".**

Page 11, line 2, after "city" insert **"or a municipality having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000)".**

(Reference is to SB 165 as printed January 23, 2001.)

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